1	2	3	4	5
III Current account balance (I+II)	-10,713	-10,340	-9,488	-822
Capital account (1 to 4)				
1. Foreign Investment	22,214	6,135	7,840	2,912
2. Loans	16,997	9,986	6,285	3,588
3. Banking Capital	5,263	3,343	2,777	291
4. Other Capital	5,978	-241	-445	698
IV Total Capital Account (1 to 4)*	50,408	19,156	16,315	7,209
Overall balance (III+IV)^	40,436	8,649	6,503	6,935

NOTE: Loans include external assistance, ECBs and Short-term credits

*includes rupee debt service not detailed here

^Including errors and omissions

Disincentives for checking external commercial borrowings

551. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government's disincentives to check unbridled external commercial borrowings have not borne fruit;

(b) if so, the details thereof and reasons therefor; and

(c) the future action plan of Government in this regard?

THE MINISTER OF STATE IN THE MINISTER OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The ECB Policy is reviewed continuously by the Government in consultation with the Reserve Bank of India, keeping in line with the evolving macro-economic situation, changing market conditions, sectoral requirements, developments in the external sector and the lessons of experience. With sovereign credit ratings of India enhanced to investment grade, the all-in-cost ceilings for ECB have been modified effective May 21, 2007. Further use of ECB proceeds for development of integrated township has since been withdrwan effective May 21, 2007. Based on further review, the inflows of captial have been modulated through External Commercial Borrowings (ECB) by modifying some aspects of the policy with effect from August 7, 2007, i.e. ECB up to USD 500 million per borrower company per financial year has been permitted only for foreign currency expenditure on import of capital goods and/or overseas acquisition and for permissible end-uses of ECB both under the Automatic and Approval Route. Borrowers proposing to avail of ECB up to USD 20 million for rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank under Approval Route.

Notwithstanding the above, the total ECBs registered with RBI amounts to USD 19.2 bn during April-October, 2007 as compared to US$ 11.8 bn during April-October, 2006 and US$ 25.4 bn in fianncial year 2006-07. Thus it may be observed that in the absence of the above measures, the ECBs registered with RBI would have been much higher.